

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

14476 B

RALPH L. McAFEE
HENRY W. GZKOSMIAN
ALLEN F. MAULSBY
STEWART R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HEGEL
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD

PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFMAN
JOSEPH A. MULVINS
MAX R. SHULMAN
WILLIAM P. DICKEY
STUART W. GOLD
JOHN W. WHITE
JOHN E. BEERBOWER
EVAN R. CHESLER
PATRICIA GEOGHEGAN
D. COLLIER KIRKHAM
MICHAEL L. SCHLER
DANIEL P. CUNNINGHAM
KRIS F. HEINZELMAN
S. ROBBINS KIESSLING
ROGER D. TAYLOR
PHILIP A. GILSON
RORY O. MILLSON

COUNSEL
MAURICE T. MOORE

TELEPHONE
212 422-3000

TELEX
RCA 233663
WUD 125547
WUI 620976

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, LONDON E. C. 2
25 ABNEY LANE, CHEAPSIDE
LONDON EC2V 6BT, ENGLAND
TELEPHONE: 1-806-1421
TELEX: 8814901
FAX/INFOTEC:
1-806-1425

INTERSTATE COMMERCE COMMISSION

November 9, 1984

Southern Pacific Transportation Company
Lease Financing Dated as of October 1, 1984
13-5/8% Conditional Sale Indebtedness
Due February 1, 2000

Dear Mr. Bayne:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Southern Pacific Transportation Company, for filing and recordation counterparts of the following documents:

1. (a) Conditional Sale Agreement dated as of October 1, 1984, between The Connecticut Bank and Trust Company, National Association, as Trustee, and General Motors Corporation (Electro-Motive Division), and General Electric Company, as Builders; and

(b) Agreement and Assignment dated as of October 1, 1984, among General Motors Corporation (Electro-Motive Division) and General Electric Company, as Builders, and Mercantile-Safe Deposit and Trust Company, as Agent.

2. (a) Lease of Railroad Equipment dated as of October 1, 1984, between Southern Pacific Transportation Company, as Lessee, and The Connecticut Bank and Trust Company, National Association, as Trustee; and

Handwritten signature: Allen Lawrence

(b) Assignment of Lease and Agreement dated as of October 1, 1984, between The Connecticut Bank and Trust Company, National Association, as Trustee, and Mercantile-Safe Deposit and Trust Company, as Agent.

The names and addresses of the parties to the aforementioned agreements are as follows:

1. Agent:

Mercantile-Safe Deposit and Trust Company
Two Hopkins Plaza
Baltimore, Maryland 21203

2. Trustee-Lessor:

The Connecticut Bank and
Trust Company, National Association,
One Constitution Plaza,
Hartford, Connecticut 06115

3. Builders-Vendors:

General Motors Corporation
(Electro-Motive Division)
La Grange, Illinois 60525

General Electric Company
2901 East Lake Road
Erie, Pennsylvania 16531

4. Lessee:

Southern Pacific Transportation Company
One Market Plaza
San Francisco, California 94105

Please file and record the documents referred to in this letter and index them under the names of the Agent, the Trustee-Lessor, the Builders-Vendors and the Lessee.

The equipment covered by the aforementioned documents consist of the following:

8 GMC-EMD 3,000 h.p. Model GP40-2 diesel electric locomotives bearing the Lessee's identification numbers SP7240-SP7247, both inclusive, and 16 GE 3,750 h.p. Model 3630-D diesel electric locomotives bearing the Lessee's identification numbers SP7754-SP7769, both inclusive, and

also bearing the legend "Ownership Subject to a Security Agreement Filed with The Interstate Commerce Commission".

There is also enclosed a check for \$20 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document), and the Lease of Railroad Equipment and related Assignment of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
as Agent for
Southern Pacific
Transportation Company

James H. Bayne, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

Interstate Commerce Commission
Washington, D.C. 20423

11/16/84

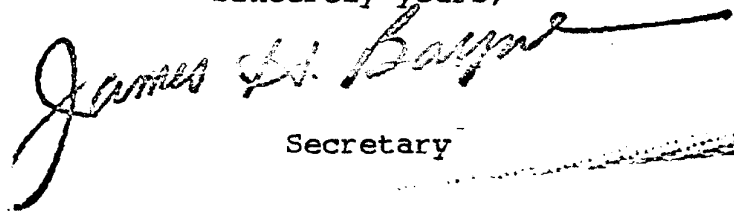
OFFICE OF THE SECRETARY

Laurance V. Goodrich
Cravath Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/16/84 at 2:40pm and assigned re-recording number(s). 14476, 14476-A, 14476-B & 14476-C

Sincerely yours,


Secretary

Enclosure(s)

NOV 16 1984 2 12 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 2044-798]

LEASE OF RAILROAD EQUIPMENT

Dated as of October 1, 1984

Between

SOUTHERN PACIFIC TRANSPORTATION COMPANY,
as Lessee,

And

THE CONNECTICUT BANK AND TRUST COMPANY,
NATIONAL ASSOCIATION,
not in its individual capacity but solely
as Trustee under a Trust Agreement dated as
of the date hereof,
as Lessor.

The rights and interests of the Lessor under this Lease are subject to a security interest in favor of Mercantile-Safe Deposit and Trust Company, as Agent for a certain Institutional Investor. The original of this Lease is held by said Agent.

LEASE OF RAILROAD EQUIPMENT

TABLE OF CONTENTS*

	<u>Page</u>
PARTIES	L-1
PREAMBLES	L-1
GRANTING CLAUSE	L-1
SECTION 1. NET LEASE	L-2
SECTION 2. DELIVERY AND ACCEPTANCE OF UNITS	L-3
SECTION 3. RENTALS	L-3
3.1. Amount and Date of Payment	L-3
3.2. Payments on Nonbusiness Days	L-5
3.3. Instructions To Pay Vendor and Lessor	L-6
3.4. Payment in Immediately Available Funds	L-6
SECTION 4. TERM OF LEASE	L-6
4.1. Beginning and Termination; Survival	L-6
4.2. Rights and Obligations of Lessee Subject to CSA	L-6
SECTION 5. IDENTIFICATION MARKS	L-7
5.1. Identifying Numbers; Legend; Changes	L-7
5.2. Insignia of Lessee	L-8
SECTION 6. TAXES	L-8
6.1. Indemnification for Nonincome Taxes	L-8
6.2. Claims; Contests; Refunds	L-10
6.3. Reports or Returns	L-11
6.4. Survival	L-11

* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this document.

SECTION 7. PAYMENT FOR CASUALTY OCCURRENCES;	
INSURANCE	L-11
7.1. Definitions of Casualty Occurrence;	
Payments	L-11
7.2. Requisition by United States Government	L-13
7.3. Lessee Agent for Disposal	L-13
7.4. Payments After Expiration of Lease	L-13
7.5. Amount of Casualty Value	L-13
7.6. No Release	L-14
7.7. Insurance To Be Maintained	L-14
7.8. Insurance Proceeds and Condemnation	
Payments	L-15
SECTION 8. REPORTS	L-16
SECTION 9. DISCLAIMER OF WARRANTIES	L-16
SECTION 10. LAWS AND RULES	L-17
10.1. Compliance	L-17
10.2. Reports by Lessor	L-18
SECTION 11. MAINTENANCE	L-18
11.1. Units in Good Operating Order	L-18
11.2. Additions and Accessions	L-19
SECTION 12. INDEMNIFICATION	L-19
12.1. Indemnified Persons	L-19
12.2. Indemnification of Builders	L-22
12.3. Survival	L-22
SECTION 13. DEFAULT	L-22
13.1. Events of Default; Remedies	L-22
13.2. Remedies Not Exclusive; Waiver	L-25
13.3. Failure To Exercise Rights Is Not Waiver	L-26
13.4. Notice of Event of Default	L-26
SECTION 14. RETURN OF UNITS UPON DEFAULT	L-26
14.1. Return of Units	L-26
14.2. Lessor Appointed Agent of Lessee	L-27
SECTION 15. ASSIGNMENT, POSSESSION AND USE	L-28
15.1. Assignment; Consent	L-28
15.2. Lessee's Rights To Use the Units, To Permit	
Use Thereof by Others and To Sublease	
the Units	L-28
15.3. Transfers by Lessee Through Merger,	
Acquisition or Consolidation	L-30

SECTION 16. RENEWAL OPTION; PURCHASE OPTION	L-30
16.1. Renewal Option	L-30
16.2. Determination of Fair Market Rental	L-31
16.3. Purchase Option	L-31
16.4. Determination of Fair Market Value	L-31
SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM	L-32
SECTION 18. RECORDING	L-34
SECTION 19. INTEREST ON OVERDUE RENTALS	L-34
SECTION 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE ..	L-34
SECTION 21. NOTICES	L-35
SECTION 22. SEVERABILITY	L-35
SECTION 23. EFFECT AND MODIFICATION OF LEASE	L-35
SECTION 24. THIRD PARTY BENEFICIARIES	L-36
SECTION 25. EXECUTION	L-36
SECTION 26. LAW GOVERNING	L-36
SECTION 27. NO RECOURSE	L-37
SECTION 28. AGREEMENTS FOR BENEFIT OF OWNER AND OWNER'S AND LESSOR'S ASSIGNS	L-37
SECTION 29. TERM LESSOR AND LESSEE	L-37
TESTIMONIUM	L-38
SIGNATURES	L-38
ACKNOWLEDGMENTS	L-39
APPENDIX A Units Leased	L-40
APPENDIX B Rental Rates	L-41
APPENDIX C Schedule of Casualty Values	L-42

LEASE OF RAILROAD EQUIPMENT dated as of October 1, 1984, between SOUTHERN PACIFIC TRANSPORTATION COMPANY, a Delaware corporation ("Lessee"), and THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee ("Lessor") under a Trust Agreement dated as of the date hereof ("Trust Agreement") with THE BANK OF NEW YORK ("Owner").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with General Motors Corporation (Electro-Motive Division) and General Electric Company (severally the "Builder" and collectively the "Builders") by which the Builders have agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Appendix A hereto;

WHEREAS each Builder is assigning its interests in the CSA pursuant to an Agreement and Assignment dated the date hereof ("CSA Assignment") to Mercantile-Safe Deposit and Trust Company, acting as agent for a certain investor under a Participation Agreement dated as of the date hereof ("Participation Agreement") among said agent, the Lessee, the Lessor, the Owner and the investor named in Appendix I thereto (together with its successors and assigns "Investors") (said agent as so acting, together with its successors and assigns, called "Vendor");

WHEREAS the Lessee desires to lease such number of units of the railroad equipment as are delivered and accepted and settled for under the CSA ("Units") at the rentals and for the terms and upon the conditions hereinafter provided;

WHEREAS the Lessor will assign certain of its rights under this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement ("Lease Assignment") dated as of the date hereof and the Lessee will acknowledge and consent thereto pursuant to the Consent and Agreement ("Consent") in the form attached to the Lease Assignment; and

WHEREAS the Lessee will agree to indemnify the Owner pursuant to an Indemnity Agreement dated as of the date hereof ("Indemnity Agreement") between the Lessee and the Owner, against certain losses, liabilities or expenses incurred or suffered by the Owner;

without affecting the indemnities which by the provisions of this Lease survive the termination of its term (or rescind its termination), all as provided therein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

SECTION 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the road number set forth in Appendix A hereto, or in the case of any Unit not there listed such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recording and deposit will protect the Vendor's and the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

5.2. Insignia of Lessee. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates, but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

SECTION 6. TAXES

6.1. Indemnification for Nonincome Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Lessor (both in its individual and fiduciary capacities), the Owner, the Vendor and each Investor (each an "Indemnified Party") harmless from, all taxes, levies, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon an Indemnified Party, the Lessee, the trust estate created by the Trust Agreement or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to (i) any Unit or any part thereof; (ii) the purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; (iii) the indebtedness with respect thereto; (iv) the rentals, receipts or earnings arising therefrom; or (v) this Lease, the Trust Agreement, the Participation Agreement, the CSA, the CSA Assignment, the Lease Assignment, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Lessor under the Trust Agreement (all such taxes, levies, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any such Indemnified Party is entitled to a credit therefor against its United States Federal income taxes or is indemnified by the Lessee pursuant to the Indemnity Agreement) of any foreign country or subdivision thereof, to the extent imposed on or measured by the net income or excess profits of such Indemnified Party or franchise taxes, to the extent imposed in lieu of any such Taxes (I) imposed on or measured by the net income or excess profits of such Indemnified Party or (II) measured by gross receipts or net income based on gross receipts of such Indemnified Party, or gross receipts taxes, to the

extent imposed in lieu of any such Taxes imposed on or measured by the net income or excess profits of such Indemnified Party, other than franchise or gross receipts taxes in the nature of sales or use taxes, and other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease; provided that (x) Taxes of any foreign country or subdivision thereof incurred as a result of an Indemnified Party being taxed by such foreign country or subdivision on its world-wide income without regard to the transactions contemplated by this Lease shall be excluded in all cases, whether or not such Indemnified Party is entitled to a credit against its United States Federal income taxes and (y) state and local Taxes imposed on the Owner shall not be excluded if they are imposed by a jurisdiction in which the Lessee has its principal place of business or in which any Unit is from time to time located; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by the Owner or any transfer or disposition by the Owner resulting from bankruptcy or other proceedings for the relief of debtors in which the Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under the Documents (as defined in the Participation Agreement); (iii) any Taxes imposed on or measured by any fees or compensation received by the Lessor or the Vendor; and (iv) any Taxes, penalties, interest or charges resulting from any action or inaction of an Indemnified Party not contemplated by the Documents (as defined in the Participation Agreement) and which are not attributable to the actions or inactions of the Lessee ("Excluded Penalties"); provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in § 6.2 hereof. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same in good faith by appropriate proceedings if in the reasonable opinion of the Lessor or the Vendor such contest or the nonpayment of such tax would not adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the CSA. The Lessee further agrees that, with respect to any payment to any Indemnified Party of an indemnity under this § 6.1, such indemnity payment shall be equal to an amount which, after

deduction of all taxes required to be paid by such Indemnified Party in respect of the receipt or accrual thereof, calculated at the highest applicable marginal statutory rates then in effect (after giving credit for any savings in respect of any such indemnity payment by reason of deductions, credits or allowances in respect of the payment thereof), shall be equal to the amount of such indemnity payment.

6.2. Claims; Contests; Refunds. If claim is made against any Indemnified Party for any Taxes indemnified against under this § 6, such Indemnified Party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such Indemnified Party shall, upon receipt of any indemnity satisfactory to it for all its reasonable charges for its services rendered in connection therewith and for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest (other than Excluded Penalties), and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, or (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. In the case of clause (b) or clause (c) of the preceding sentence, the Lessee shall advance funds on an interest free basis to such Indemnified Party to make such payment of Taxes. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such Indemnified Party; provided that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such Indemnified Party in any such proceeding or action) if in the reasonable opinion of such Indemnified Party such contest or the nonpayment of the Taxes would adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the CSA. The Lessee agrees to give such Indemnified Party reasonable notice of such contest prior to the commencement thereof. If such Indemnified Party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon or any recovery of costs previously paid by the Lessee, such Indemnified Party shall pay the Lessee the amount of such refund or interest or recovery net of unreimbursed expenses; provided, however, that no Event of Default and no event which with notice or lapse of time or both

would constitute an Event of Default shall have occurred and be continuing.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this § 6 (except obligations resulting from the last sentence of § 6.1), the Lessee will, where permitted to do so under applicable rules and regulations, make and timely file such reports and returns in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor, the Vendor and the Owner of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

6.4. Survival. All the obligations of the Lessee under this § 6 shall survive and continue, but only with respect to periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the CSA or the termination of this Lease. Payments due from the Lessee to the Lessor or the Vendor under this § 6 shall be made directly to the party indemnified.

SECTION 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit of Equipment shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to § 14 or § 17 hereof, or the Purchase Price of any Unit shall have been refunded by the Builder of such Unit pursuant to the terms of its patent indemnity therefor or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days during the term of this Lease or during any renewal term hereof ("Casualty Occurrence"), the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto including any proof reasonably requested by the Trustee. On the next succeeding rental payment date occurring after such notice

without affecting the indemnities which by the provisions of this Lease survive the termination of its term (or rescind its termination), all as provided therein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession, use and assignment provided under § 15 hereof.

SECTION 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the road number set forth in Appendix A hereto, or in the case of any Unit not there listed such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recording and deposit will protect the Vendor's and the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

5.2. Insignia of Lessee. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates, but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

SECTION 6. TAXES

6.1. Indemnification for Nonincome Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Lessor (both in its individual and fiduciary capacities), the Owner, the Vendor and each Investor (each an "Indemnified Party") harmless from, all taxes, levies, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon an Indemnified Party, the Lessee, the trust estate created by the Trust Agreement or otherwise, by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to (i) any Unit or any part thereof; (ii) the purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; (iii) the indebtedness with respect thereto; (iv) the rentals, receipts or earnings arising therefrom; or (v) this Lease, the Trust Agreement, the Participation Agreement, the CSA, the CSA Assignment, the Lease Assignment, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Lessor under the Trust Agreement (all such taxes, levies, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any such Indemnified Party is entitled to a credit therefor against its United States Federal income taxes or is indemnified by the Lessee pursuant to the Indemnity Agreement) of any foreign country or subdivision thereof, to the extent imposed on or measured by the net income or excess profits of such Indemnified Party or franchise taxes, to the extent imposed in lieu of any such Taxes (I) imposed on or measured by the net income or excess profits of such Indemnified Party or (II) measured by gross receipts or net income based on gross receipts of such Indemnified Party, or gross receipts taxes, to the

extent imposed in lieu of any such Taxes imposed on or measured by the net income or excess profits of such Indemnified Party, other than franchise or gross receipts taxes in the nature of sales or use taxes, and other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease; provided that (x) Taxes of any foreign country or subdivision thereof incurred as a result of an Indemnified Party being taxed by such foreign country or subdivision on its world-wide income without regard to the transactions contemplated by this Lease shall be excluded in all cases, whether or not such Indemnified Party is entitled to a credit against its United States Federal income taxes and (y) state and local Taxes imposed on the Owner shall not be excluded if they are imposed by a jurisdiction in which the Lessee has its principal place of business or in which any Unit is from time to time located; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by the Owner or any transfer or disposition by the Owner resulting from bankruptcy or other proceedings for the relief of debtors in which the Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under the Documents (as defined in the Participation Agreement); (iii) any Taxes imposed on or measured by any fees or compensation received by the Lessor or the Vendor; and (iv) any Taxes, penalties, interest or charges resulting from any action or inaction of an Indemnified Party not contemplated by the Documents (as defined in the Participation Agreement) and which are not attributable to the actions or inactions of the Lessee ("Excluded Penalties"); provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in § 6.2 hereof. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same in good faith by appropriate proceedings if in the reasonable opinion of the Lessor or the Vendor such contest or the nonpayment of such tax would not adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the CSA. The Lessee further agrees that, with respect to any payment to any Indemnified Party of an indemnity under this § 6.1, such indemnity payment shall be equal to an amount which, after

deduction of all taxes required to be paid by such Indemnified Party in respect of the receipt or accrual thereof, calculated at the highest applicable marginal statutory rates then in effect (after giving credit for any savings in respect of any such indemnity payment by reason of deductions, credits or allowances in respect of the payment thereof), shall be equal to the amount of such indemnity payment.

6.2. Claims; Contests; Refunds. If claim is made against any Indemnified Party for any Taxes indemnified against under this § 6, such Indemnified Party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such Indemnified Party shall, upon receipt of any indemnity satisfactory to it for all its reasonable charges for its services rendered in connection therewith and for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest (other than Excluded Penalties), and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, or (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. In the case of clause (b) or clause (c) of the preceding sentence, the Lessee shall advance funds on an interest free basis to such Indemnified Party to make such payment of Taxes. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such Indemnified Party; provided that no proceeding or actions relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such Indemnified Party in any such proceeding or action) if in the reasonable opinion of such Indemnified Party such contest or the nonpayment of the Taxes would adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the CSA. The Lessee agrees to give such Indemnified Party reasonable notice of such contest prior to the commencement thereof. If such Indemnified Party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon or any recovery of costs previously paid by the Lessee, such Indemnified Party shall pay the Lessee the amount of such refund or interest or recovery net of unreimbursed expenses; provided, however, that no Event of Default and no event which with notice or lapse of time or both

would constitute an Event of Default shall have occurred and be continuing.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this § 6 (except obligations resulting from the last sentence of § 6.1), the Lessee will, where permitted to do so under applicable rules and regulations, make and timely file such reports and returns in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor, the Vendor and the Owner of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

6.4. Survival. All the obligations of the Lessee under this § 6 shall survive and continue, but only with respect to periods included in the term of this Lease, notwithstanding payment in full of all amounts due under the CSA or the termination of this Lease. Payments due from the Lessee to the Lessor or the Vendor under this § 6 shall be made directly to the party indemnified.

SECTION 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit of Equipment shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to § 14 or § 17 hereof, or the Purchase Price of any Unit shall have been refunded by the Builder of such Unit pursuant to the terms of its patent indemnity therefor or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days during the term of this Lease or during any renewal term hereof ("Casualty Occurrence"), the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto including any proof reasonably requested by the Trustee. On the next succeeding rental payment date occurring after such notice

possession) and an informed and willing lessor under no compulsion to lease and, in such determination, (i) it shall be assumed that the Units are in the condition and repair required by Section 11 hereof and that they are free and clear of all liens, claims and encumbrances, (ii) the value of the additions, modifications and improvements as to which Lessee retains title pursuant to Section 11 shall not be included and (iii) costs of removal from the location of current use shall not be a deduction from such value.

(2) If, within 30 days following receipt of the notice required by § 16.1 hereof, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such Fair Market Rental shall be determined in accordance with the foregoing definition by the appraisal procedure described in § 16.4(2).

16.3. Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, at the end of the original or any extended term of this Lease the Lessee may by written notice delivered to the Lessor not more than 270 days and not less than 180 days prior to the end of such term of this Lease, elect to purchase all but not less than all the Units then covered by this Lease for the then "Fair Market Value" thereof. Such election shall be irrevocable unless rescinded by the Lessee at least 120 days prior to the end of the applicable term of this Lease.

16.4. Determination of Fair Market Value.
(1) "Fair Market Value" shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell and, in such determination, (i) it shall be assumed that the Units are in the condition and repair required by Section 11 hereof and that they are free and clear of all liens, claims and encumbrances, (ii) the value of the additions, modifications and improvements as to which the Lessee retains title pursuant to Section 11 shall not be included and (iii) costs of removal from the location of current use shall not be a deduction from such value.

(2) If, after 30 days from the giving of notice by the Lessee of the Lessee's election to purchase, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting

determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 30 days after such notice is given, appoint a third independent appraiser. If no such third appraiser is appointed within 30 days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value of the Units within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit and in any event not later than 30 days thereafter, the Lessee will, at its own risk, cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 120 days and transport the same upon disposition of the Units, at any time within such period, to any reasonable place on the lines of railroad operated by

the Lessee, or to any interchange point with a connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period, the Lessee will continue the insurance required hereunder and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction, (iii) shall have been maintained in accordance with the provisions of § 11.1 hereof and (iv) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, which maintenance shall in no event be to a standard lower than that required by industry standards. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

SECTION 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will undertake the filing required of the Lessor under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver and file (and will refile whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor

for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filings and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor.

SECTION 19. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at (i) 14-5/8% per annum on such rentals and other obligations relating to the CSA Indebtedness and (ii) the rate per annum which The Bank of New York publicly announces as its prime rate as in effect from time to time plus 1-1/2% ("Penalty Rate") on the balance of the overdue rentals and other obligations for the period of time during which they are overdue, or such lesser amount as may be legally enforceable.

SECTION 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may (but shall not be obligated to do so) upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the Penalty Rate, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

SECTION 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid,

addressed as follows:

(a) if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, with a copy to the Owner at its address set forth in Appendix II to the Participation Agreement;

(b) if to the Lessee, at Southern Pacific Building, One Market Plaza, San Francisco, California 94105, attention of Vice President and Treasurer; and

(c) if to the Vendor, at P. O. Box 2258 (or if by hand, Two Hopkins Plaza), Baltimore, Maryland 21203, attention of Corporate Trust Department.

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing.

SECTION 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the Indemnity Agreement, this Lease exclusively and completely states the rights and obligations of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

SECTION 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor and the permitted successors and assigns of a party, and, as to § 12.2 hereof, the Builder) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

SECTION 25. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of California; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights, if any, arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof as shall be filed, recorded or deposited or in which any Unit shall be located, and such rights, if any, arising out of the marking of the Units.

SECTION 27. NO RECOURSE

Anything herein to the contrary notwithstanding, each and all of the representations, warranties and agreements herein made on the part of the financial institution acting as Lessor are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution in its individual capacity or for the purpose or with the intention of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Lessor solely in the

exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution on account of any representation, warranty or agreement hereunder of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

SECTION 28. AGREEMENTS FOR BENEFIT OF OWNER
AND OWNER'S AND LESSOR'S ASSIGNS

All rights of the Lessor hereunder (including, but not limited to, its rights under Sections 7, 9, 13, 14 and 17 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and any of the Owner's assigns under the Trust Agreement and the Lessor's assigns including the Vendor.

SECTION 29. TERM LESSOR


Whenever the term "Lessor" is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor (including, so long as any CSA Indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.


SOUTHERN PACIFIC
TRANSPORTATION COMPANY,

by

[Corporate Seal]


Vice President and
Treasurer

Attest:


Assistant Secretary

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
as Trustee as aforesaid,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

STATE OF ILLINOIS,)
) ss.:
COUNTY OF DUPAGE,)

On this 9TH day of Nov. 1984, before me personally appeared D. A. SMITH, to me personally known, who, being by me duly sworn, says that he is the Vice President and Treasurer of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Veronica A. Geike
Notary Public

[Notarial Seal]

My Commission expires

MY COMMISSION EXPIRES
MARCH 17, 1985

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of 1984, before me personally appeared to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national association and that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission expires

APPENDIX A TO LEASE

Type	Builder	Builder's Specifi- cations	Builder's Plant	Quan- tity	Lessee Road Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Time and Place of Delivery
Model GP40-2 3,000 h. p. diesel-electric locomotive	EMD	8091-3	McCook, Illinois	8	SP 7240- 7247	\$ 981,000*	\$ 7,848,000*	November, 1984, at Blue Island, Illinois
Model B36-7 3,750 h.p. diesel electric locomotive	GE	3630-D	Erie, Pennsylvania	16	SP 7754- 7769	1,169,788**	18,716,608** \$26,564,608**	November- December 1984, at Erie, Pennsylvania

-
- * Includes prepaid freight of \$650 per Unit to Blue Island.
 ** Includes prepaid switching of \$550 per Unit.

APPENDIX B TO LEASE

Basic Lease Rates

<u>Date</u>	<u>Percentage of Purchase Price*</u>
8/1/85	4.5141
2/1/86	4.5141
8/1/86	4.5141
2/1/87	4.5141
8/1/87	4.5141
2/1/88	4.5141
8/1/88	4.5141
2/1/89	4.5141
8/1/89	4.5141
2/1/90	4.5141
8/1/90	4.5141
2/1/91	4.5141
8/1/91	5.5172
2/1/92	5.5172
8/1/92	5.5172
2/1/93	5.5172
8/1/93	5.5172
2/1/94	5.5172
8/1/94	5.5172
2/1/95	5.5172
8/1/95	5.5172
2/1/96	5.5172
8/1/96	5.5172
2/1/97	5.5172
8/1/97	5.5172
2/1/98	5.5172
8/1/98	5.5172
2/1/99	5.5172
8/1/99	5.5172
2/1/00	5.5172

* As defined in paragraph 4.1 of the CSA.

determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 30 days after such notice is given, appoint a third independent appraiser. If no such third appraiser is appointed within 30 days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value of the Units within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit and in any event not later than 30 days thereafter, the Lessee will, at its own risk, cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 120 days and transport the same upon disposition of the Units, at any time within such period, to any reasonable place on the lines of railroad operated by

the Lessee, or to any interchange point with a connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period, the Lessee will continue the insurance required hereunder and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction, (iii) shall have been maintained in accordance with the provisions of § 11.1 hereof and (iv) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, which maintenance shall in no event be to a standard lower than that required by industry standards. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

SECTION 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will undertake the filing required of the Lessor under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver and file (and will refile whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor

for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filings and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor.

SECTION 19. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at (i) 14-5/8% per annum on such rentals and other obligations relating to the CSA Indebtedness and (ii) the rate per annum which The Bank of New York publicly announces as its prime rate as in effect from time to time plus 1-1/2% ("Penalty Rate") on the balance of the overdue rentals and other obligations for the period of time during which they are overdue, or such lesser amount as may be legally enforceable.

SECTION 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may (but shall not be obligated to do so) upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the Penalty Rate, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

SECTION 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid,

addressed as follows:

(a) if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, with a copy to the Owner at its address set forth in Appendix II to the Participation Agreement;

(b) if to the Lessee, at Southern Pacific Building, One Market Plaza, San Francisco, California 94105, attention of Vice President and Treasurer; and

(c) if to the Vendor, at P. O. Box 2258 (or if by hand, Two Hopkins Plaza), Baltimore, Maryland 21203, attention of Corporate Trust Department.

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing.

SECTION 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the Indemnity Agreement, this Lease exclusively and completely states the rights and obligations of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

SECTION 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor and the permitted successors and assigns of a party, and, as to § 12.2 hereof, the Builder) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

SECTION 25. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of California; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights, if any, arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof as shall be filed, recorded or deposited or in which any Unit shall be located, and such rights, if any, arising out of the marking of the Units.

SECTION 27. NO RECOURSE

Anything herein to the contrary notwithstanding, each and all of the representations, warranties and agreements herein made on the part of the financial institution acting as Lessor are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution in its individual capacity or for the purpose or with the intention of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Lessor solely in the

exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution on account of any representation, warranty or agreement hereunder of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

SECTION 28. AGREEMENTS FOR BENEFIT OF OWNER
AND OWNER'S AND LESSOR'S ASSIGNS

All rights of the Lessor hereunder (including, but not limited to, its rights under Sections 7, 9, 13, 14 and 17 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and any of the Owner's assigns under the Trust Agreement and the Lessor's assigns including the Vendor.

SECTION 29. TERM LESSOR


Whenever the term "Lessor" is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor (including, so long as any CSA Indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.


SOUTHERN PACIFIC
TRANSPORTATION COMPANY,

by

[Corporate Seal]


Vice President and
Treasurer

Attest:


Assistant Secretary

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
as Trustee as aforesaid,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

STATE OF ILLINOIS,)
) ss.:
COUNTY OF DUPAGE,)

On this 9TH day of Nov. 1984, before me personally appeared D. A. SMITH, to me personally known, who, being by me duly sworn, says that he is the Vice President and Treasurer of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Veronica A. Geike
Notary Public

[Notarial Seal]

My Commission expires

MY COMMISSION EXPIRES
MARCH 17, 1985

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of 1984, before me personally appeared to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national association and that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission expires

possession) and an informed and willing lessor under no compulsion to lease and, in such determination, (i) it shall be assumed that the Units are in the condition and repair required by Section 11 hereof and that they are free and clear of all liens, claims and encumbrances, (ii) the value of the additions, modifications and improvements as to which Lessee retains title pursuant to Section 11 shall not be included and (iii) costs of removal from the location of current use shall not be a deduction from such value.

(2) If, within 30 days following receipt of the notice required by § 16.1 hereof, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such Fair Market Rental shall be determined in accordance with the foregoing definition by the appraisal procedure described in § 16.4(2).

16.3. Purchase Option. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, at the end of the original or any extended term of this Lease the Lessee may by written notice delivered to the Lessor not more than 270 days and not less than 180 days prior to the end of such term of this Lease, elect to purchase all but not less than all the Units then covered by this Lease for the then "Fair Market Value" thereof. Such election shall be irrevocable unless rescinded by the Lessee at least 120 days prior to the end of the applicable term of this Lease.

16.4. Determination of Fair Market Value.
(1) "Fair Market Value" shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell and, in such determination, (i) it shall be assumed that the Units are in the condition and repair required by Section 11 hereof and that they are free and clear of all liens, claims and encumbrances, (ii) the value of the additions, modifications and improvements as to which the Lessee retains title pursuant to Section 11 shall not be included and (iii) costs of removal from the location of current use shall not be a deduction from such value.

(2) If, after 30 days from the giving of notice by the Lessee of the Lessee's election to purchase, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting

determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 30 days after such notice is given, appoint a third independent appraiser. If no such third appraiser is appointed within 30 days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value of the Units within 60 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

SECTION 17. RETURN OF UNITS UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of the original or extended term of this Lease with respect to any Unit and in any event not later than 30 days thereafter, the Lessee will, at its own risk, cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Unit on such tracks for a period not exceeding 120 days and transport the same upon disposition of the Units, at any time within such period, to any reasonable place on the lines of railroad operated by

the Lessee, or to any interchange point with a connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period, the Lessee will continue the insurance required hereunder and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 17 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction, (iii) shall have been maintained in accordance with the provisions of § 11.1 hereof and (iv) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, which maintenance shall in no event be to a standard lower than that required by industry standards. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

SECTION 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will undertake the filing required of the Lessor under the CSA. The Lessee in addition will from time to time do and perform any other act and will execute, acknowledge, deliver and file (and will refile whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor

for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filings and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor.

SECTION 19. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at (i) 14-5/8% per annum on such rentals and other obligations relating to the CSA Indebtedness and (ii) the rate per annum which The Bank of New York publicly announces as its prime rate as in effect from time to time plus 1-1/2% ("Penalty Rate") on the balance of the overdue rentals and other obligations for the period of time during which they are overdue, or such lesser amount as may be legally enforceable.

SECTION 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may (but shall not be obligated to do so) upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the Penalty Rate, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder or be deemed to cure the default of the Lessee hereunder.

SECTION 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid,

addressed as follows:

(a) if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, Attention of Corporate Trust Department, with a copy to the Owner at its address set forth in Appendix II to the Participation Agreement;

(b) if to the Lessee, at Southern Pacific Building, One Market Plaza, San Francisco, California 94105, attention of Vice President and Treasurer; and

(c) if to the Vendor, at P. O. Box 2258 (or if by hand, Two Hopkins Plaza), Baltimore, Maryland 21203, attention of Corporate Trust Department.

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing.

SECTION 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement and the Indemnity Agreement, this Lease exclusively and completely states the rights and obligations of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

SECTION 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor and the permitted successors and assigns of a party, and, as to § 12.2 hereof, the Builder) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

SECTION 25. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of California; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights, if any, arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof as shall be filed, recorded or deposited or in which any Unit shall be located, and such rights, if any, arising out of the marking of the Units.

SECTION 27. NO RECOURSE

Anything herein to the contrary notwithstanding, each and all of the representations, warranties and agreements herein made on the part of the financial institution acting as Lessor are each and every one of them made and intended not as personal representations, warranties and agreements by said financial institution in its individual capacity or for the purpose or with the intention of binding said financial institution personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by the Lessor solely in the

exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said financial institution on account of any representation, warranty or agreement hereunder of the Lessor, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

SECTION 28. AGREEMENTS FOR BENEFIT OF OWNER
AND OWNER'S AND LESSOR'S ASSIGNS

All rights of the Lessor hereunder (including, but not limited to, its rights under Sections 7, 9, 13, 14 and 17 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and any of the Owner's assigns under the Trust Agreement and the Lessor's assigns including the Vendor.

SECTION 29. TERM LESSOR


Whenever the term "Lessor" is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor (including, so long as any CSA Indebtedness under the CSA or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Vendor).

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.


SOUTHERN PACIFIC
TRANSPORTATION COMPANY,

by

[Corporate Seal]


Vice President and
Treasurer

Attest:


Assistant Secretary

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
as Trustee as aforesaid,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

STATE OF ILLINOIS,)
) ss.:
COUNTY OF DUPAGE,)

On this 9TH day of Nov. 1984, before me personally appeared D. A. SMITH, to me personally known, who, being by me duly sworn, says that he is the Vice President and Treasurer of SOUTHERN PACIFIC TRANSPORTATION COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Veronica A. Geike
Notary Public

[Notarial Seal]

My Commission expires

MY COMMISSION EXPIRES
MARCH 17, 1985

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of 1984, before me personally appeared to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national association and that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission expires

APPENDIX A TO LEASE

Type	Builder	Builder's Specifi- cations	Builder's Plant	Quan- tity	Lessee Road Numbers (Both Inclusive)	Estimated Unit Base Price	Estimated Total Base Price	Estimated Time and Place of Delivery
Model GP40-2 3,000 h. p. diesel-electric locomotive	EMD	8091-3	McCook, Illinois	8	SP 7240- 7247	\$ 981,000*	\$ 7,848,000*	November, 1984, at Blue Island, Illinois
Model B36-7 3,750 h.p. diesel electric locomotive	GE	3630-D	Erie, Pennsylvania	16	SP 7754- 7769	1,169,788**	18,716,608** \$26,564,608**	November- December 1984, at Erie, Pennsylvania

-
- * Includes prepaid freight of \$650 per Unit to Blue Island.
 ** Includes prepaid switching of \$550 per Unit.

APPENDIX B TO LEASE

Basic Lease Rates

<u>Date</u>	<u>Percentage of Purchase Price*</u>
8/1/85	4.5141
2/1/86	4.5141
8/1/86	4.5141
2/1/87	4.5141
8/1/87	4.5141
2/1/88	4.5141
8/1/88	4.5141
2/1/89	4.5141
8/1/89	4.5141
2/1/90	4.5141
8/1/90	4.5141
2/1/91	4.5141
8/1/91	5.5172
2/1/92	5.5172
8/1/92	5.5172
2/1/93	5.5172
8/1/93	5.5172
2/1/94	5.5172
8/1/94	5.5172
2/1/95	5.5172
8/1/95	5.5172
2/1/96	5.5172
8/1/96	5.5172
2/1/97	5.5172
8/1/97	5.5172
2/1/98	5.5172
8/1/98	5.5172
2/1/99	5.5172
8/1/99	5.5172
2/1/00	5.5172

* As defined in paragraph 4.1 of the CSA.

APPENDIX C TO LEASE

Casualty Values

<u>Casualty Payment Dates</u>	<u>Percentage of Purchase Price*</u>
8/1/85	106.86560
2/1/86	104.47957
8/1/86	107.05942
2/1/87	103.30340
8/1/87	104.93392
2/1/88	99.78100
8/1/88	100.33488
2/1/89	93.77066
8/1/89	93.22218
2/1/90	86.64128
8/1/90	85.89621
2/1/91	83.07259
8/1/91	81.20110
2/1/92	77.35858
8/1/92	75.26657
2/1/93	71.36859
8/1/93	69.04406
2/1/94	65.08650
8/1/94	62.51400
2/1/95	58.49141
8/1/95	55.65481
2/1/96	51.56144
8/1/96	48.44374
2/1/97	44.27351
8/1/97	40.85674
2/1/98	36.60324
8/1/98	32.86844
2/1/99	28.52491
8/1/99	24.45208
2/1/00	20.00000

* As defined in paragraph 4.1 of the CSA.